

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

MAR 11 2004

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

E-01891A  
Garkane Energy Cooperative, Inc.  
P. O. Box 465  
Loa UT 84747

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2003
----	----	------

FOR COMMISSION USE

ANN 0	03
-------	----

## COMPANY INFORMATION

**Company Name (Business Name)** Garkane Energy Cooperative, Inc.

**Mailing Address** 120 West 300 South PO Box 465

(Street)

Loa

(City)

UT

(State)

84747

(Zip)

(435) 836-2795

Telephone No. (Include Area Code)

(435) 836-2497

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** calbrecht@garkaneenergy.com

**Local Office Mailing Address** 120 West 300 South PO Box 465

(Street)

Loa

(City)

UT

(State)

84747

(Zip)

(435) 836-2795

Local Office Telephone No. (Include Area Code)

(435) 836-2497

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** calbrecht@garkaneenergy.com

## MANAGEMENT INFORMATION

**Management Contact:** Carl R Albrecht General Manager

(Name)

(Title)

120 West 300 South

(Street)

Loa

(City)

UT

(State)

84747

(Zip)

(435) 835-2795

Telephone No. (Include Area Code)

(435) 836-2497

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** calbrecht@garkaneenergy.com

**On Site Manager:** Carl R Albrecht

(Name)

120 West 300 South

(Street)

Loa

(City)

UT

(State)

84747

(Zip)

(435) 836-2795

Telephone No. (Include Area Code)

(435) 836-2497

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** calbrecht@garkaneenergy.com

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Robert T Jones  
(Name)  
120 North 44th Street Suite 100 Phoenix AZ 85034-1822  
(Street) (City) (State) (Zip)  
(602) 286-6925 (602) 286-6932  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Attorney:** Michael Grant  
(Name)  
2575 East Camelback Phoenix AZ 85016-9225  
(Street) (City) (State) (Zip)  
(602) 530-8291 (602) 257-9459  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input checked="" type="checkbox"/> Association/Co op (A)                 |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |  |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input checked="" type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE            |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input type="checkbox"/> PINAL               |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA                |
| <input type="checkbox"/> STATEWIDE  |                                   |  |

## SERVICES AUTHORIZED TO PROVIDE

Check the following box/s for the services that you are authorized to provide:

☒ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
  - ☐ Transmission Service Provider
  - ☐ Meter Service Provider
  - ☐ Meter Reading Service Provider
  - ☐ Billing and Collection
  - ☐ Ancillary Services
  - ☐ Generation Provider
  - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other (Specify)** \_\_\_\_\_

## STATISTICAL INFORMATION

### TELECOMMUNICATION UTILITIES ONLY

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

## STATISTICAL INFORMATION (CONT'D)

### ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	586
Residential	449
Commercial	115
Industrial	0
Public street and highway lighting	4
Irrigation	11
Resale - Public Authorities	7
Total kilowatt-hours sold	10,578,441 kWh
Residential	4,810,756
Commercial	5,137,128
Industrial	0
Public street and highway lighting	14,760
Irrigation	411,525
Resale - Public Authorities	204,272
Maximum Peak Load - Total System 26.4 MW Arizona Approximately	2.0 MW

### GAS UTILITIES ONLY

Total number of customers	
Residential	
Commercial	
Industrial	
Irrigation	
Resale	
Total therms sold	therms
Residential	
Commercial	
Industrial	
Irrigation	
Resale	

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

RECEIVED

MAR 11 2004

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	Wayne
NAME (OWNER OR OFFICIAL) TITLE	Carl R Albrecht, General Manager
COMPANY NAME	Garkane Energy Cooperative, Inc.

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 864,265

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 49,382  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
435-836-2795  
\_\_\_\_\_  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF


THIS 3rd DAY OF

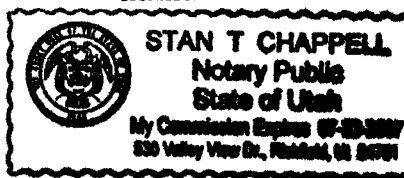
(SEAL)

MY COMMISSION EXPIRES 7-23-2007

COUNTY NAME	Wayne	
MONTH	March	2004

SIGNATURE OF NOTARY PUBLIC





**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

RECEIVED  
MAR 11 2004  
ARIZONA CORPORATION COMMISSION  
DIRECTOR GENERAL

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Wayne	
NAME (OWNER OR OFFICIAL) Carl R Albrecht	TITLE General Manager
COMPANY NAME Garkane Energy Cooperative Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ 382,498
---

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 21,651  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Carl R Albrecht  
SIGNATURE OF OWNER OR OFFICIAL

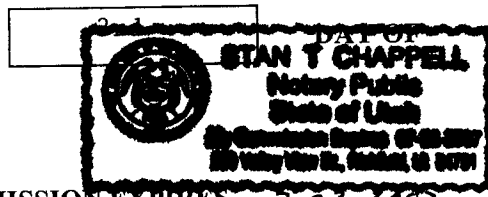
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME Stan T Chappell	
COUNTY NAME Wayne	
MONTH March	2004

X Stan T Chappell  
SIGNATURE OF NOTARY PUBLIC

## FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2003) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

**GARKANE ENERGY COOPERATIVE, INC**

120 W 300 S

LOA, UTAH 84747

For the year ending

31-Dec-03

**STATEMENT OF INCOME FOR THE YEAR**

	Total	Utah	Arizona
Operating Revenue			
Sales from Electricity	\$ 9,397,734	\$ 8,586,512	\$ 811,222
Other Revenue	\$ 499,417	\$ 456,317	\$ 43,100
<b>Total</b>	<b>\$ 9,897,151</b>	<b>\$ 9,042,829</b>	<b>\$ 854,322</b>
Operating Expenses			
O & M expense	\$ 7,071,951	\$ 6,461,643	\$ 610,308
Depreciation Expense	\$ 1,380,045	\$ 1,291,595	\$ 88,450
Tax Expense			
Utah Property	\$ 245,069	\$ 245,069	\$ -
Az Property	\$ 26,302		\$ 26,302
Other Tax Expense	\$ 23,450	\$ 21,426	\$ 2,024
Misc Decuctions	\$ 21,102	\$ 19,281	\$ 1,821
Interest Expense	\$ 483,863	\$ 442,106	\$ 41,757
Total Expenses	\$ 9,251,782	\$ 8,481,120	\$ 770,662
Operating Margins	\$ 645,369	\$ 561,709	\$ 83,660
Non Operating Margins	\$ 338,965	\$ 310,153	\$ 28,812
G & T Capital Credits	\$ -	\$ -	\$ -
Other Capital Credits	\$ 66,148	\$ 60,525	\$ 5,623
Total Other Margin	\$ 405,113	\$ 370,678	\$ 34,435
<b>Net Income</b>	<b>\$ 1,050,482</b>	<b>\$ 932,388</b>	<b>\$ 118,094</b>

**GARKANE ENERGY COOPERATIVE, INC**

120 W 300 S

LOA, UTAH 84747

For the year ending

31-Dec-03

Description	Total System	Utah	Arizona
Intangible Plant	\$ -	\$ -	\$ -
Production Plant	\$ 5,371,774	\$ 5,371,774	\$ -
Other Production Plant	\$ 251,173	\$ 251,173	\$ -
Transmission Plant	\$ 10,749,582	\$ 10,401,457	\$ 348,125
Distribution Plant	\$ 25,156,155	\$ 21,915,723	\$ 3,240,432
General Plant	\$ 7,088,910	\$ 7,088,910	\$ -
<b>Total</b>	<b>\$ 48,617,594</b>	<b>\$ 45,029,037</b>	<b>\$ 3,588,557</b>

**REVENUE**

Residential Sales	\$ 4,333,795	\$ 3,972,948	\$ 360,847
Irrigation Sales	\$ 236,294	\$ 205,329	\$ 30,965
Commerical Sales	\$ 2,771,807	\$ 2,374,587	\$ 397,220
Large Industrial Sales	\$ 1,305,160	\$ 1,305,160	\$ -
Public Street Lighting	\$ 35,873	\$ 32,877	\$ 2,996
Public Authorities Sales	\$ 714,805	\$ 695,611	\$ 19,194
<b>Total Sales of Electricity</b>	<b>\$ 9,397,734</b>	<b>\$ 8,586,512</b>	<b>\$ 811,222</b>

Forfeited Discounts	\$ 16,237	\$ 14,836	\$ 1,401
Connect fees	\$ 32,579	\$ 29,767	\$ 2,812
Rent from electric property	\$ 16,580	\$ 15,149	\$ 1,431
Other electric revenue	\$ 434,021	\$ 396,565	\$ 37,456
<b>Total Other Revenue</b>	<b>\$ 499,417</b>	<b>\$ 456,317</b>	<b>\$ 43,100</b>
<b>Total Operating Revenue</b>	<b>\$ 9,897,151</b>	<b>\$ 9,042,829</b>	<b>\$ 854,322</b>

**KWH SOLD**

Residential Sales	54,190,517	49,379,761	4,810,756
Irrigation Sales	3,296,372	2,884,847	411,525
Commerical Sales	36,648,598	31,511,470	5,137,128
Large Industrial Sales	22,019,000	22,019,000	-
Public Street Lighting	195,200	180,440	14,760
Public Authorities Sales	7,881,153	7,676,881	204,272
<b>Total</b>	<b>124,230,840</b>	<b>113,652,399</b>	<b>10,578,441</b>

**Customers**

Residential Sales	7,172	6,723	449
Irrigation Sales	83	72	11
Commerical Sales	911	796	115
Large Industrial Sales	1	1	-
Public Street Lighting	26	22	4
Public Authorities Sales	365	358	7
<b>Total</b>	<b>8,558</b>	<b>7,972</b>	<b>586</b>

<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION</b>	<b>BORROWER DESIGNATION</b> UT006
<b>FINANCIAL AND STATISTICAL REPORT</b> Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.	<b>BORROWER NAME</b> GARKANE ENERGY COOPERATIVE INC
	<b>ENDING DATE</b> 12/31/2003

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature of Office Manager or Accountant

Signature of Manager

Date  
2/17/04  
2/19/04

**NEW AUTHORIZATION CHOICES**

**A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?**

NRECA    Yes or No

**B. Will you authorize CFC to share your data with other co-ops on Cooperative.com's website?**

Cooperative.com    Yes or No

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Operating Revenue and Patronage Capital	9,610,177	9,897,151	10,131,600	875,713
2. Power Production Expense	292,406	451,373	474,320	25,313
3. Cost of Purchased Power	2,285,646	2,467,326	2,619,000	(248,265)
4. Transmission Expense	132,493	179,154	161,820	10,815
5. Distribution Expense - Operation	362,214	445,007	397,400	43,713
6. Distribution Expense - Maintenance	437,825	571,566	500,400	57,236
7. Consumer Accounts Expense	360,648	485,810	368,400	43,313
8. Customer Service and Informational Expense	90,860	91,220	98,040	5,759
9. Sales Expense	18,479	17,990	20,400	0
10. Administrative and General Expense	2,109,845	2,362,505	2,186,300	263,738
11. Total Operation & Maintenance Expense (2 thru 10)	6,090,416	7,071,951	6,826,080	201,622
12. Depreciation & Amortization Expense	1,349,191	1,380,045	1,455,300	115,127
13. Tax Expense - Property	241,780	271,371	252,000	13,537
14. Tax Expense - Other	170,026	23,450	208,200	1,143
15. Interest on Long-Term Debt	562,602	474,294	720,000	33,515
16. Interest Charged to Construction (Credit)	0	0	0	0
17. Interest Expense - Other	9,275	9,569	12,000	909
18. Other Deductions	10,230	21,102	12,000	1,575
19. Total Cost of Electric Service (11 thru 18)	8,433,520	9,251,782	9,485,580	367,428
20. Patronage Capital & Operating Margins (1 minus 19)	1,176,657	645,369	646,020	508,285
21. Non Operating Margins - Interest	63,599	85,899	72,000	6,561
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	0	0	0	0
24. Non Operating Margins - Other	(99,339)	253,066	82,000	65,196
25. Generation & Transmission Capital Credits	143,298	0	0	0
26. Other Capital Credits & Patronage Dividends	67,717	66,148	60,000	19,504
27. Extraordinary Items	0	0	0	0
28. Patronage Capital or Margins (20 thru 27)	1,351,932	1,050,482	860,020	599,546

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	285	336	5. Miles Transmission	283	283
2. Services Retired	13	27	6. Miles Distribution Overhead	1,229	1,233
3. Total Services In Place	8,839	9,148	7. Miles Distribution Underground	389	408
4. Idle Services (Exclude Seasonal)	454	512	8. Total Miles Energized (5+6+7)	1,901	1,924

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION UT006	
		YEAR ENDING	12/31/2003
<b>PART C. BALANCE SHEET</b>			
<b>ASSETS AND OTHER DEBITS</b>		<b>LIABILITIES AND OTHER CREDITS</b>	
1. Total Utility Plant in Service	48,617,594	28. Memberships	0
2. Construction Work in Progress	1,590,439	29. Patronage Capital	16,513,096
3. <b>Total Utility Plant (1+2)</b>	<b>50,208,033</b>	30. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort	20,448,814	31. Operating Margins - Current Year	711,519
5. <b>Net Utility Plant (3-4)</b>	<b>29,759,219</b>	32. Non-Operating Margins	287,508
6. Nonutility Property - Net	0	33. Other Margins & Equities	51,457
7. Investment in Subsidiary Companies	1,603,978	34. <b>Total Margins &amp; Equities (28 thru 33)</b>	<b>17,563,580</b>
8. Invest. in Assoc. Org. - Patronage Capital	248,479	35. Long-Term Debt CFC (Net)	17,172,180
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments-Unapplied (\$ _____))	
10. Invest in Assoc. Org. - Other - Nongeneral Funds	709,992	36. Long-Term Debt - Other (Net)	16,666
11. Investments in Economic Development Projects	16,616	(Payments-Unapplied (\$ _____))	
12. Other Investments	0	37. <b>Total Long-Term Debt (35+36)</b>	<b>17,188,846</b>
13. Special Funds	14,159	38. Obligations Under Capital Leases	0
14. <b>Total Other Property &amp; Investments (6 thru 13)</b>	<b>2,593,224</b>	39. Accumulated Operating Provisions	308,610
15. Cash-General Funds	2,065,854	40. <b>Total Other Noncurrent Liabilities (38+39)</b>	<b>308,610</b>
16. Cash-Construction Funds-Trustee	300	41. Notes Payable	0
17. Special Deposits	0	42. Accounts Payable	759,846
18. Temporary Investments	100,000	43. Consumers Deposits	171,402
19. Notes Receivable - Net	99,558	44. Other Current & Accrued Liabilities	873,109
20. Accounts Receivable - Net Sales of Energy	925,571	45. <b>Total Current &amp; Accrued Liabilities (41 thru 44)</b>	<b>1,804,357</b>
21. Accounts Receivable - Net Other	813,652	46. Deferred Credits	1,027,417
22. Materials & Supplies - Electric and Other	1,442,539	47. <b>Total Liabilities &amp; Other Credits (34+37+40+45+46)</b>	<b>37,892,810</b>
23. Prepayments	53,572		
24. Other Current & Accrued Assets	6,346		
25. <b>Total Current &amp; Accrued Assets (15 thru 24)</b>	<b>5,507,392</b>		
26. Deferred Debits	32,975		
27. <b>Total Assets &amp; Other Debits (5+14+25+26)</b>	<b>37,892,810</b>		
<b>PART D. NOTES TO FINANCIAL STATEMENTS</b>			
<b>1. CASH RECEIVED AS A RESULT OF RETIREMENT OF G&amp;T AND OTHER CAPITAL CREDITS</b>		<b>2. INCOME TAX PAID</b>	
TWO PREVIOUS YEARS	249,624	TWO PREVIOUS YEARS	0
PREVIOUS YEAR	211,015	PREVIOUS YEAR	0
CURRENT YEAR	66,148	CURRENT YEAR	0
<b>3. AMOUNT OF GAIN FROM PREPAYMENT OF RUS NOTES</b>			
CURRENT YEAR	54,948		
THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.			
<p>LINE 7 INCLUDES \$51,457 NET MARGINS FROM SUBSIDIARY</p> <p>NUMBER OF ACTIVE CONSUMERS 8,636</p> <p>KWH SOLD - MONTH 10,869,722</p> <p>KWH SOLD - YTD 124,230,840</p> <p>LINE LOSS - YTD</p>			

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION UT006 YEAR ENDING 12/31/2003					
<p>Much of Part E has been consolidated. Enter only the total of "Distribution Plant" (that includes such items as Land and Land Rights, Structures and Improvements and Station Equipment), the total of "General Plant" (items such as Office Furniture, Transportation Equipment) the total of "Transmission Plant" (items such as Land and Land Rights, Roads and Trails), Steam, Nuclear, Hydro, Other Production Plants and "All Other Utility Plant"</p>							
<b>PART E. CHANGES IN UTILITY PLANT</b>							
	PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)	
1.	Distribution Plant Subtotal	24,479,110	1,368,558	691,510	0	25,156,158	
2.	General Plant Subtotal	4,491,847	331,224	77,398	0	4,745,673	
3.	Headquarters Plant	2,405,093	12,717	74,578	0	2,343,232	
4.	Intangibles	0	0	0	0	0	
5.	Transmission Plant Subtotal	10,710,768	43,839	5,023	0	10,749,584	
6.	Production Plant - Steam	0	0	0	0	0	
7.	Production Plant - Nuclear	0	0	0	0	0	
8.	Production Plant - Hydro	5,371,774	0	0	0	5,371,774	
9.	Production Plant - Other	251,173	0	0	0	251,173	
10.	All Other Utility Plant	0	0	0	0	0	
11.	SUBTOTAL: (1 thru 10)	47,709,765	1,756,338	848,509	0	48,617,594	
12.	Construction Work in Progress	1,041,623	548,816			1,590,439	
13.	TOTAL UTILITY PLANT (11 + 12)	48,751,388	2,305,154	848,509	0	50,208,033	
<p>CFC NO LONGER REQUIRES SECTIONS "F", "H", "N" AND "P" DATA            Those sections refer to data on "Analysis of Accumulated Provision for Depreciation" (F),            "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and "Conservation Data" (P).</p>							
<b>PART H. SERVICE INTERRUPTIONS</b>							
	ITEM	Avg. Hours per Consumer by Cause Power Supplier (a)	Avg. Hours per Consumer by Cause Extreme Storm (b)	Avg. Hours per Consumer by Cause Prearranged (c)	Avg. Hours per Consumer by Cause All Other (d)	TOTAL (e)	
1.	Present Year	0.00	2.54	0.51	2.81	5.86	
2.	Five-Year Average	1.02	2.40	0.61	2.01	6.04	
<b>PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS</b>							
1.	Number of Full Time Employees	46	4. Payroll - Expensed	1,664,837			
2.	Employee - Hours Worked - Regular Time	99,808	5. Payroll - Capitalized	462,064			
3.	Employee - Hours Worked - Overtime	2,251	6. Payroll - Other	344,776			
<b>PART J. PATRONAGE CAPITAL</b>							
	ITEM	THIS YEAR (a)	CUMULATIVE (b)	PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1.	General Retirement	366,877	4,697,239	1. Amount Due Over 60 Days: 251,428			
2.	Special Retirements	0	0	2. Amount Written Off During Year: 825			
3.	Total Retirements (1+2)	366,877	4,697,239				
4.	Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power	0					
5.	Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	45,927					
6.	Total Cash Received (4+5)	45,927					
<b>L. KWH PURCHASED AND TOTAL COST</b>							
	NAME OF SUPPLIER (a)	CFC USE ONLY SUPPLIER CODE (b)	KWH PURCHASED (c)	TOTAL COST (d)	AVERAGE COST PER KWH (cents) (e)	INCLUDED IN TOTAL COST	
						FUEL COST ADJUSTMENT (f)	WHEELING & OTHER CHARGES (or Credits) (g)
1.	DESERET POWER		114,274,609	2,460,254	2.15	0	332,200
2.	SMALL HYDRO CO-GENERATION		222,860	7,072	3.17	0	0
3.			0	0	0.00	0	0
4.			0	0	0.00	0	0
TOTALS			114,497,469	2,467,326	2.15	0	332,200

<b>CFC FINANCIAL AND STATISTICAL REPORT</b>		<b>BORROWER DESIGNATION</b>				
		UT006				
		YEAR ENDING		12/31/2003		
<b>PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)</b>						
LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE")						
	NAME OF LESSOR	TYPE OF PROPERTY	RENTAL THIS YEAR			
1.	NONE					
2.						
3.	TOTAL				\$0	
<p style="text-align: center;">** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000).</p>						
<b>PART O. LONG-TERM DEBT SERVICE REQUIREMENTS</b>						
	NAME OF LENDER	BALANCE END OF YEAR	BILLED THIS YEAR			CFC USE ONLY
			INTEREST (a)	PRINCIPAL (b)	TOTAL (c)	(e)
1.	National Rural Utilities Cooperative Finance Corporation	0	486,944	949,362	1,436,306	
2.		0	0	0	0	
3.		0	0	0	0	
4.		0	0	0	0	
5.		0	0	0	0	
6.		0	0	0	0	
7.		0	0	0	0	
8.		0	0	0	0	
9.		0	0	0	0	
TOTAL (Sum of 1 thru 9)		\$0	\$486,944	\$949,362	\$1,436,306	

CFC FINANCIAL AND STATISTICAL REPORT		BORROWER DESIGNATION UT006			
		YEAR ENDING		12/31/2003	
PART R. POWER REQUIREMENTS DATA BASE					
CLASSIFICATION	CONSUMER, SALES, AND REVENUE DATA	JANUARY CONSUMERS (a)	DECEMBER CONSUMERS (b)	AVERAGE CONSUMERS (c)	TOTAL KWH SALES AND REVENUE (d)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	5,129	5,248	5,189	
	b. KWH Sold				46,593,573
	c. Revenue				3,538,077
2. Residential Sales - Seasonal	a. No. Consumers Served	1,929	2,036	1,983	
	b. KWH Sold				7,596,944
	c. Revenue				795,718
3. Irrigation Sales	a. No. Consumers Served	40	37	39	
	b. KWH Sold				3,296,372
	c. Revenue				236,294
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	903	919	911	
	b. KWH Sold				36,648,598
	c. Revenue				2,771,807
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	1	1	1	
	b. KWH Sold				22,019,000
	c. Revenue				1,305,160
6. Public Street & Highway Lighting	a. No. Consumers Served	26	26	26	
	b. KWH Sold				195,200
	c. Revenue				35,873
7. Other Sales to Public Authority	a. No. Consumers Served	361	369	365	
	b. KWH Sold				7,881,153
	c. Revenue				714,805
8. Sales for Resales-RUS Borrowers	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
9. Sales for Resales-Other	a. No. Consumers Served	0	0	0	
	b. KWH Sold				0
	c. Revenue				0
10. TOTAL No. of Consumers (lines 1a thru 9a)		8,389	8,636	8,513	
11. TOTAL KWH Sold (lines 1b thru 9b)					124,230,840
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)					9,397,734
13. Other Electric Revenue					499,417
14. KWH - Own Use					639,568
15. TOTAL KWH Purchased					114,497,469
16. TOTAL KWH Generated					21,916,828
17. Cost of Purchases and Generation					2,918,699
18. Interchange - KWH - Net					0
19. Peak - Sum All KW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident <input type="checkbox"/>					26,455

<b>CFC</b> <b>INVESTMENTS, LOAN GUARANTEES</b> <b>AND LOANS - DISTRIBUTION</b> (All investments refer to your most recent CFC Loan Agreement)		<b>BORROWER DESIGNATION</b> UT006 <b>BORROWER NAME</b> GARKANE ENERGY COOPERATIVE INC <b>MONTH ENDING</b> 12/31/2003	
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.			
<b>7a - PART 1 - INVESTMENTS</b>			
DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (d)
<b>1. NON-UTILITY PROPERTY (NET)</b>			
1 GARKANE PROPANE INC	1,603,978	0	0
2	0	0	0
3	0	0	0
4	0	0	0
Subtotal (Line 1 thru 4)	1,603,978	0	0
<b>2. INVESTMENTS IN ASSOCIATED ORGANIZATIONS</b>			
5 NRUCFC PATRONAGE CAPITAL CREDITS	248,479	0	0
6 NRUCFC CAPITAL TERM CERTIFICATES	702,642	0	0
7 MEMBERSHIPS ASSOCIATED COMPANIES	7,350	0	0
8	0	0	0
Subtotal (Line 5 thru 8)	958,471	0	0
<b>3. INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS</b>			
9 STATE STONE - R E D LOAN	16,616	0	0
10	0	0	0
11	0	0	0
12	0	0	0
Subtotal (Line 9 thru 12)	16,616	0	0
<b>4. OTHER INVESTMENTS</b>			
13	0	0	0
14	0	0	0
15	0	0	0
16	0	0	0
Subtotal (Line 13 thru 16)	0	0	0
<b>5. SPECIAL FUNDS</b>			
17 UNCLAIMED CAPITAL CREDITS - WARM FUND	14,159	0	0
18	0	0	0
19	0	0	0
20	0	0	0
Subtotal (Line 17 thru 20)	14,159	0	0
<b>6. CASH - GENERAL</b>			
21 GENERAL FUNDS - SBSU, FARWEST, & ZIONS	1,733,753	0	0
22 PAYROLL FUND - FARWEST	100	0	0
23 CAPITAL CREDIT FUND - ZIONS	3,857	0	0
24 WRKING FUND & VISION CARE	28,144	0	0
Subtotal (Line 21 thru 24)	1,765,854	0	0
<b>7. SPECIAL DEPOSITS</b>			
25	0	0	0
26	0	0	0
27	0	0	0
28	0	0	0
Subtotal (Line 25 thru 28)	0	0	0
<b>8. TEMPORARY INVESTMENTS</b>			
29 CAPITAL RESOURCE FUNDING	100,000	0	0
30	0	0	0
31	0	0	0
32	0	0	0
Subtotal (Line 29 thru 32)	100,000	0	0
<b>9. ACCOUNT &amp; NOTES RECEIVABLE - NET</b>			
33 SEVIER SMART SITE	99,558	0	0
34 A/R OTHER DISCONNECTED	132,464	0	0
35 A/R OTHER MISC INVOICES	101,856	0	0
36 DESERET POWER	579,332	0	0
Subtotal (Line 33 thru 36)	913,210	0	0
<b>10. COMMITMENTS TO INVEST WITH 12 MONTHS BUT NOT ACTUALLY PURCHASED</b>			
37	0	0	0
38	0	0	0
39	0	0	0
40	0	0	0
Subtotal (Line 37 thru 40)	0	0	0
<b>Total</b>	<b>5,372,288</b>	<b>0</b>	<b>0</b>

<b>CFC</b> <b>INVESTMENTS, LOAN GUARANTEES</b> <b>AND LOANS - DISTRIBUTION</b> <small>(All investments refer to your most recent CFC Loan Agreement)</small>		<b>BORROWER DESIGNATION</b> UT006			
		<b>BORROWER NAME</b> GARKANE ENERGY COOPERATIVE INC			
Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar.		<b>MONTH ENDING</b> 12/31/2003			
<b>7a - PART II. LOAN GUARANTEES</b>					
Line No.	Organization & Guarantee Beneficiary (a)	Maturity Date of Guarantee Obligation (b)	Original Amount (\$) (c)	Performance Guarantee Exposure or Loan Balance (\$) (d)	Available Loan (Covered by Guarantees) (e)
1			0	0	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			0	0	0
<b>7a - PART III. LOANS</b>					
Line No.	Name of Organization (a)	Maturity Date (b)	Original Amount (\$) (c)	Loan Balance (\$) (d)	Available Loan (e)
1	STATE STONE CORPORATION	07-01-2005	100,000	16,666	0
2			0	0	0
3			0	0	0
4			0	0	0
5			0	0	0
TOTALS (Line 1 thru 5)			100,000	16,666	0
<b>7a - PART IV. TOTAL INVESTMENTS AND LOANS GUARANTEES</b>					
1	TOTAL (Part I, Line 70b + Part II, Line 14d + Line 14e + Part III, Line 22d + Line 22e)				5,388,954
2	LARGER OF (a) OR (b)				8,781,790
	a. 15 percent of Total Utility Plant (CFC Form 7, Part C, Line 3)			7,531,205	
	b. 50 percent of Total Equity (CFC Form 7, Part C, Line 34)			8,781,790	

## PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added a page of all ratios calculated from the data entered on your Form 7.

These preliminary ratios can be used to evaluate your system's performance and used as an error checking device.  
MDSC and DSC will be "*estimated*" values. Your system's prior year's "Investment in Associated Orgs -- Patronage Capital" must be entered as a part of the calculation for MDSC.

FORM 7 ITEM NO.	ITEM DESCRIPTION	ENTER DATA	KRTA NO.	RATIO DESCRIPTION	ESTIMATED RATIO
C8	Invest. In Assoc. Org. - Pat Cap (for 2002)	247,135	1	TIER ( <i>estimated</i> )	3.21
C37	Total Long-Term Debt (for 2002)	17,278,736	2	MDSC ( <i>estimated</i> )	1.85
			3	DSC ( <i>estimated</i> )	2.02
			4	Rate of Return on Total Capitalization (%)	4.39
			5	Rate of Return on Equity (%)	5.98
			6	Capital Credits Retired As A % of Total Equity	2.09
			7	Equity Level as % of Assets	46.35
			8	Equity to Total Capital	50.54
			9	Blended Interest Rate (%)	2.75
			10	Non-RUS Debt As A % of Total Debt	100.00
			11	Long-Term Interest As A % of Revenue	4.79
			12	Write-Off As A % of Revenue	0.01
			13	Total Revenue per KWH Sold (Mills)	79.67
			14	Electric Revenue per KWH Sold (Mills)	75.65
			15	Revenue per Residential KWH Sold (Mills)	75.93
			16	Revenue per Non-Residential KWH Sold (Mills)	75.47
			17	Average Residential KWH Usage per Month	748.35
			18	Average Non-Residential KWH Usage Per Month	1,946.38
			19	Power Cost per KWH Purchased (Mills)	22.71
			20	Power Cost per KWH Sold (Mills)	24.94
			21	Power Cost As A % of Revenue	31.30
			22	O & M Expenses (Mills/KWH Sold)	8.18
			23	O & M Expenses per Dollars of TUP (Mills)	20.25
			24	Accounting Expenses (Mills/KWH Sold)	3.91
			25	Accounting Expenses per Consumer (\$)	57.07

## PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added a page of all ratios calculated from the data entered on your Form 7.  
These preliminary ratios can be used to evaluate your system's performance and used as an error checking device.  
MDSC and DSC will be "*estimated*" values. Your system's prior year's "Investment in Associated Orgs -- Patronage Capital" must be entered as a part of the calculation for MDSC.

FORM 7 ITEM NO.	ITEM DESCRIPTION	ENTER DATA	KRTA NO.	RATIO DESCRIPTION	ESTIMATED RATIO
C34	Total No. Consumers Served Jan. (for 2002)	8,205	26	Sales Expense (Mills/KWH Sold)	0.88
D34	Total No. Consumers Served Dec. (for 2002)	8,385	27	Sales Expense per Consumers (\$)	12.83
R11	Total KWH Sold (for 2002)	122,216,068	28	A & G Expenses (Mills/KWH Sold)	19.02
C3	Total Utility Plant (for 2002)	47,709,765	29	A & G Expenses per Consumer (\$)	277.53
C34	Total Margins & Equities (for 2002)	16,879,972	30	Total Operating Expenses (Mills/KWH)	49.54
C37	Total Long Term Debt (for 2002)	17,278,736	31	Depreciation Expense (Mills/KWH Sold)	11.11
C34	Total Margins & Equities (for 2001)	15,844,980	32	Depreciation Expense (% of TUP)	2.75
C37	Total Long Term Debt (for 2001)	17,514,118	33	Total Tax Expense (Mills/KWH Sold)	2.37
C34	Total Margins & Equities (for 1998)	13,480,899	34	Total Tax Expense per \$ of TUP (%)	0.59
C37	Total Long Term Debt (for 1998)	21,050,231	35	LT Interest Expense (Mills/KWH Sold)	3.82
			36	LT Interest Expense per \$ of TUP (%)	0.94
			37	Total Cost of Electric Service (Mills/KWH)	74.47
			38	Operating Margins (Mills/KWH Sold)	7.92
			39	Non-Operating Margins (Mills/KWH Sold)	2.73
			40	Assoc. Organizations CCS (Mills/KWH Sold)	0.53
			41	Operating Margins (Mills/KWH Sold)	8.46
			42	Growth in Number of Consumers	2.62
			43	Growth in KWH Sales (%)	1.65
			44	Growth in TUP Dollars (%)	5.24
			45	Annual Growth of Total Capitalization (%)	1.74
			46	2 Yr. Compound Growth in Total Cap. (%)	2.07
			47	5 Yr. Compound Growth in Total Cap. (%)	0.13
			48	Revenue per TUP Investment (Cents)	19.71
			49	TUP Investment per Consumer (\$)	5,898.15
			50	TUP Investment per Mile of Line (\$)	26,095.65
			51	TUP Investment per KWH Sold (Cents)	40.42
			52	Average Consumers per Mile	4.42
			53	Line Loss (%)	8.46
			*	Current Ratio	3.05
			*	Total Operating Expenses per Customer	722.93

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>OPERATING REPORT - HYDRO PLANT</b>				BORROWER DESIGNATION <span style="float: right;">UT0006</span>												
				PLANT <span style="float: right;">Boulder (Total Plant)</span>												
				PERIOD ENDED <span style="float: right;">12/2003</span>												
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.				<i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.</i>												
<b>Section A. Hydro Generating Units</b>																
Unit No.	Size (kW)	Gross Generation (MWh)	Operating Hours In Service (d)	Operating Hours On Standby (e)	Operating Hours Out of Service Scheduled (f)	Operating Hours Out of Service Unscheduled (g)										
(a)	(b)	(c)	(d)	(e)	(f)	(g)										
1	1,400	5,561	5,466	3,276	9	9										
2	1,400	6,735	6,921	1,831	3	5										
3	1,400	6,831	6,705	2,040	6	9										
4	500	1,451	7,098	1,623	8	31										
5	500	1,116	5,384	3,355	5	16										
6	200	276	4,537	4,195	6	22										
<b>Total</b>	<b>5,400</b>	<b>21,973</b>	<b>36,111</b>	<b>16,320</b>	<b>37</b>	<b>92</b>										
Station Service (MWh)		56	<b>HYDRAULIC DATA</b> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>1. Pool Elevation (ft.)</td> <td>9,310</td> <td>9,295</td> </tr> <tr> <td>2. Tail Race Elevation (ft.)</td> <td>7,785</td> <td>7,783</td> </tr> <tr> <td colspan="3">Water Spilled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> </table>					1. Pool Elevation (ft.)	9,310	9,295	2. Tail Race Elevation (ft.)	7,785	7,783	Water Spilled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
1. Pool Elevation (ft.)	9,310	9,295														
2. Tail Race Elevation (ft.)	7,785	7,783														
Water Spilled <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																
Net Generation (MWh)		21,916														
Station Service % of Gross		0.25														
Energy for Pumped Storage (MWh)		0.00														
Net Gen After Pumped Storage (MWh)		21,916.80														
<b>Section B. Labor Report</b>																
1. No. Employees Full-Time		4	2. No. Employees Part-Time		3	3. Total Empl. - Hrs. Worked 10,273										
5. Maint. Plant Payroll (\$)		34,870	6. Other Accts. Plant Payroll (\$)		14,276	4. Oper. Plant Payroll (\$) 140,000										
7. Total Plant Payroll (\$)		189,146														
<b>Section C. Factors &amp; Max. Demand</b>																
1. Load Factor (%)		50.67	2. Plant Factor (%)		46.45	3. Running Plant Capacity Factor (%) 64.86										
4. 15 Minute Gross Maximum Demand (kW)		4,950		5. Indicated Gross Maximum Demand (kW)		4,950										
<b>Section D. Cost of Net Energy Generated</b>																
Production Expense	Account Number	Amount (\$) (a)	Mills/Net/kWh (b)													
1. Operation, Supervision and Engineering	535	599														
2. Water for Power	536	164,824	7.52													
3. Energy for Pumped Storage	536.1	0	0.00													
4. Hydraulic Expense	537	0	0.00													
5. Electric Expense	538	140,000	6.38													
6. Miscellaneous Hydraulic Power Generation Expense	539	7,443	0.33													
7. Rents	540	2,839														
8. OPERATION EXPENSE (1 thru 7)		315,705	14.40													
9. Maintenance, Supervision and Engineering	541	0														
10. Maintenance of Structures	542	16,295														
11. Maintenance of Reservoirs, Dams and Waterways	543	31,548														
12. Maintenance of Electric Plant	544	22,064														
13. Maintenance of Miscellaneous Hydraulic Plant	545	5,011														
14. MAINTENANCE EXPENSE (9 thru 13)		74,918	3.41													
15. TOTAL PRODUCTION EXPENSE (8+14)		390,623	17.82													
16. Depreciation	403.3	101,539														
17. Interest	427	52,405														
18. TOTAL FIXED COSTS (16+17)		153,944	7.02													
19. POWER COSTS (15+18)		544,567	24.84													